



Arnold Schwarzenegger
Governor

July 2, 2010
22M: 383:JP:1002

Mr. Ron Crossley, Executive Director
Southeast Los Angeles County
Workforce Investment Board
10900 E. 183rd Street, Suite 350
Cerritos, CA 90703

Dear Mr. Crossley:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
SUMMER YOUTH PROGRAM
FINAL MONITORING REPORT
PROGRAM YEAR 2009

This is to inform you of the results of our review for Program Year (PY) 2009 monitoring review of the Southeast Los Angeles County Workforce Investment Board's (SELACO) ARRA Summer Youth Program (SYP). This review was conducted from August 24, 2009 through August 28, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants, and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SELACO with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with representatives of the SELACO, service provider staff, ARRA SYP worksite supervisors, and ARRA SYP participants. In addition, this report includes the results of our review of sampled case files, SELACO's response to Sections I and II of the ARRA SYP On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

All findings that we identified in this report were resolved and we did not receive a response from SELACO. Therefore, we are issuing this report as the final report.

BACKGROUND

The SELACO allocated \$886,000 of its \$1,026,544 ARRA youth allocation to serve 389 SYP participants in 2009. As of October 20, 2009, SELACO expended \$840,565 to serve 390 SYP participants.

ARRA SYP REVIEW RESULTS

While we conclude that, overall, the SELACO is meeting applicable ARRA requirements, we noted instance of noncompliance in the following areas: work permits, eligibility, timesheets, and restricted hours. The findings that we identified and SELACO's resolution of the findings in these areas are specified below.

FINDING 1

Requirement: California Education Code Section 49160 states, in part, that no person, firm or corporation shall employ, suffer, or permit any minor under the age of 18 years to work in or in connection with any establishment or occupation, except as provided in Section 49151, without a permit to employ, issued by the proper educational officers in accordance with law.

California Labor Code Section 1299 states, in part, that every person, agent, or officer thereof, employing minors, either directly or indirectly through third persons, shall keep on file all permits and certificates, either to work or to employ.

Observation: Of the 25 case files reviewed for SELACO, we observed four instances in which the participant files were missing work permits.

Subsequent to our on-site review, SELACO provided documentation (copies of signed and correctly dated work permits) to substantiate that the youth participants were lawfully employed.

We consider this issue resolved.

FINDING 2

Requirement: 20 CFR 664.200 states, in part, that an eligible youth is an individual who is age 14 through 21, is a low income individual, and is within one or more of the following categories: deficient in basic literacy skills; school dropout;

homeless, runaway, or foster child; pregnant or parenting; offender; or is an individual (including a youth with a disability) who requires additional assistance to complete an educational program, or to secure and hold employment.

WIA Directive 04-18, which transmits Title I Eligibility Technical Assistance Guide (TAG), provides guidelines for documenting general and youth eligibility. The TAG requires the use of acceptable documentation and it includes the economic eligibility criteria and additional requirements for youth. The latter refers to barriers, at least one of which a youth must have, in order to be determined eligible for WIA services, in addition to meeting the economic eligibility criteria (unless they are to be served through the five-percent exception window).

Although local areas have the flexibility and discretion to design documentation and verification systems, One-Stop operators, their subrecipients, and applicants must make reasonable efforts to document eligibility for WIA-funded programs. *The use of applicant statements may be prudently used to document those items that are not verifiable or are unreasonably difficult for the applicant to obtain [emphasis added].* However, an applicant statement is not considered a primary documentation source.

Observation:

Of the 25 case files reviewed for SELACO, we observed four instances in which the participant files were missing acceptable documentation to substantiate that the participants were eligible for services.

The SELACO's youth service providers used applicant statement forms in every case to substantiate that the participants met either the low-income requirement and/or the barrier in all instances. The case files show that no effort was made by SELACO's youth service providers to obtain eligibility documentation prior to accepting applicant statements.

Subsequent to our on-site review, SELACO provided documentation to substantiate the low-income status and barriers of all four participants. Documentation included copies of tax returns for participants and/or participant's parents showing they were listed as dependents, General Assistance Award letters, and crime reports for the

participants' cities of residence to substantiate that they live in a High Crime Area. This last document refers to SELACO's definition regarding the sixth youth eligibility criterion (a youth requiring additional assistance) as described in their WIA Local Plan Modification for PY 2008-09.

We consider this issue resolved.

FINDING 3

Requirement:

29 CFR 97.20(a) states, in part, that fiscal control and accounting procedures of subgrantees must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. Section (b)(2) states, in part, that subgrantees must maintain records which adequately identify the source and application of funds for financially-assisted activities. Section (b)(6) requires that accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records.

OMB Circular A-122, Attachment B, (8)(m)(2) states, in part, that personnel activity reports or equivalent documentation must reflect an after-the-fact distribution of the actual activity of each employee and must account for the total activity from which each employee is compensated. The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee.

Observation:

We observed that timesheets do not adequately identify time worked due to insufficient documentation of time charges for work experience activities. Specifically, of the 25 ARRA SYP case files reviewed for SELACO, we observed 14 instances of unsigned edits and/or no participant or supervisor signatures on participant timesheets.

Subsequent to the on-site review, SELACO provided copies of revised participant timesheets, copies of *Bi-weekly Payroll Sheets*, and copies of spread sheets (*Posted G/L Transactions*), which substantiated that the edits had been initialed by a supervisor, signed by the participant and/or

supervisor, and that any necessary corrections made had been reconciled to the participant's payroll sheet.

In addition, SELACO's Youth Coordinator provided in-service training to its case managers to ensure their complete understanding of the requirements to initial any edits and to have the participant and supervisor signatures on timesheets.

We consider this issue resolved.

FINDING 4

Requirement: California Child Labor Laws (2000), in part, restrict the hours of work for minors. Specifically, the spread of hours for minors between the ages of 16 and 17 is 5 a.m. to 10 p.m. except on any evening preceding a non-school day, where they may work until 12:30 a.m.

Observation: We observed that two participants, both 17 years old, at two of the seven worksites we visited were working past 12:30 a.m. During on-site interviews, worksite supervisors stated that these participants occasionally worked past 12:30 a.m. due to the nature of the work experience (sound recording studio and sheriff's department).

Subsequent to our review, SELACO immediately informed the worksite supervisors in telephone calls of this restriction. In addition, SELACO submitted documentation (timesheets for both participants) which substantiated that the participants work hours ended before 12:30 a.m. for the remainder of the work experience placements.

We consider this issue resolved.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is the SELACO's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, federal and state regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SELACO's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mrs. Jennifer Shane at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar". The signature is fluid and cursive, with the first name "Jessie" written in a larger, more prominent script than the last name "Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Georganne Pintar, MIC 50
Gilbert von Studnitz, MIC 50